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FIT Hon Teng Limited
鴻騰六零八八精密科技股份有限公司

(Incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited)
(Stock Code: 6088)

CONNECTED TRANSACTION

**ACQUISITION AND CANCELLATION OF SALE SHARES
IN THE SUBSIDIARY COMPANY**

THE ACQUISITION AND CANCELLATION OF THE SALE SHARES

The Board hereby announces that on March 11, 2021 (after trading hours of the Stock Exchange), the Subsidiary Company and the Vendor entered into the Acquisition Agreement pursuant to which the Subsidiary Company agreed to acquire and cancel, and the Vendor agreed to sell, the Sale Shares for the Consideration. The Transaction simplifies the shareholding and the corporate structure of the Subsidiary Company.

As of the date of this announcement, the Subsidiary Company is a non-wholly owned subsidiary of the Company, which is held by the Company and the Vendor as to 90.43% and 9.57% respectively. Upon completion of the Transaction, the Subsidiary Company will be wholly owned by the Company.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Mr. Pipkin is a Director, and the beneficiaries of the Vendor include Mr. Pipkin's descendants. The trustee of the Vendor is Mr. Chester J. Pipkin, Jr., the son of Mr. Pipkin. Therefore, the Vendor is a connected person of the Company by virtue of being an associate of Mr. Pipkin. Accordingly, the Transaction constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 0.1% but is less than 5%, the Transaction is only subject to the reporting and announcement requirements, and is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are set out below.

Date

March 11, 2021 (after trading hours of the Stock Exchange)

Parties

The Subsidiary Company, as the purchaser

The Vendor, as the seller

Subject Matter

The Sale Shares, being 463,436 shares of the Subsidiary Company, representing 9.57% of its entire issued share capital.

The Subsidiary Company agreed to acquire and cancel, and the Vendor agreed to sell, the Sale Shares.

As of the date of this announcement, the Subsidiary Company is a non-wholly owned subsidiary of the Company, which is held by the Company and the Vendor Company as to 90.43% and 9.57% respectively. Upon completion of the Transaction, the Subsidiary Company will be wholly owned by the Company.

Consideration

The maximum Consideration for the Transaction payable by the Subsidiary Company to the Vendor is US\$12 million, which consists of (i) a base purchase price of US\$6 million (the “**Base Purchase Price**”); and (ii) in the event that the Subsidiary Company meets certain thresholds on the net sales and net income during the years ending December 31, 2021, 2022 and 2023, a contingent purchase price up to US\$6 million as calculated based on the net income for each of such three years (the “**Contingent Purchase Price**”).

The Consideration was determined after arm’s length negotiations between the Vendor and the Subsidiary Company on normal commercial terms with reference to (i) the appraised fair market value of the Subsidiary Company as of September 20, 2018, which amounted to approximately US\$120 million; and (ii) that the Subsidiary Company continued to have losses since being acquired by the Company in 2018.

The Base Purchase Price shall be paid in full and in cash by the Subsidiary Company to the Vendor on the date of Completion.

Upon Completion, the Transaction will extinguish in their entirety all of the Vendor's rights with respect to the Sale Shares, subject to the Vendor's right to the Contingent Purchase Price.

GENERAL INFORMATION

The Group

The Group is a leading global interconnect solutions provider and one of the few global interconnect solutions providers whose offerings span wire-based, fiber-based and wireless interconnect solutions. It is also a global consumer electronics leader, connecting people with technologies at home, at work and on the go.

The Vendor

The Vendor is a trust governed by the laws of the State of Missouri, United States, operates in the State of California, United States and has a US federal tax home in the State of Nevada, United States. The ultimate beneficial owners are descendants of Mr. Chester J. Pipkin.

The Subsidiary Company

The Subsidiary Company is incorporated in the Cayman Islands with limited liability and operates primarily in the connected home business.

Financial information of the Subsidiary Company

Set out below is the financial information of the Subsidiary Company as extracted from the financial statements of the Subsidiary Company for the two years ended December 31, 2019 and 2020:

	For the year ended December 31, 2019	For the year ended December 31, 2020
Net loss before taxation and extraordinary items	US\$25,881,000	US\$14,164,000
Net loss after taxation and extraordinary items	US\$18,422,000	US\$8,623,000

Based on the financial statements of the Subsidiary Company for the year ended December 31, 2020, the unaudited net asset value of the Subsidiary Company is US\$69,973,000.

The appraised fair market value of the Subsidiary Company was US\$120 million as of September 20, 2018.

The original acquisition cost of the Sale Shares by the Vendor is US\$343,046.60.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Reference is made to the announcement of the Company dated March 27, 2018 in relation to the Company's acquisition of Belkin International, Inc. by way of merger (the "**Original Acquisition**"). The Subsidiary Company was separately incorporated at the Original Acquisition to pursue possible strategic and corporate transactions in the connected home business segment. This Transaction simplifies the shareholding structure of the Subsidiary Company.

Taking into account the above reasons and the terms of the Acquisition Agreement, all Directors (including the independent non-executive Directors but excluding Mr. Pipkin) are of the view that (i) the terms of the Acquisition Agreement are fair and reasonable; (ii) the Transaction is on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) the Transaction is in the interests of the Company and the Shareholders as a whole.

Mr. Pipkin has a material interest in the Acquisition Agreement and has abstained from voting on the relevant resolution. Save for Mr. Pipkin, none of the other Directors (including the independent non-executive Directors) has a material interest in the Acquisition Agreement, and none of the other Directors has abstained from voting on the relevant board resolution.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Mr. Pipkin is the Director, and the beneficiaries of the Vendor include Mr. Pipkin's descendants. The trustee of the Vendor is Mr. Chester J. Pipkin, Jr., the son of Mr. Pipkin. Therefore, the Vendor is a connected person of the Company by virtue of being an associate of Mr. Pipkin. Accordingly, the Transaction constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 0.1% but is less than 5%, the Transaction is only subject to the reporting and announcement requirements, and is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“Acquisition Agreement”	the sale and purchase agreement entered into between the Vendor and the Subsidiary Company on March 11, 2021;
“Board”	the board of Directors of the Company;
“Company”	FIT Hon Teng Limited (鴻騰六零八八精密科技股份有限公司), a company incorporated in the Cayman Islands with limited liability under the name Foxconn Interconnect Technology Limited and carrying on business in Hong Kong as FIT Hon Teng Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6088.HK);
“Completion”	completion of the Transaction in accordance with the terms and conditions of the Acquisition Agreement;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules;
“Consideration”	the consideration up to US\$12 million;
“Director(s)”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Pipkin”	Mr. PIPKIN Chester John, an executive Director;
“PRC”	the People’s Republic of China, which for the purpose of this announcement does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Sale Shares”	463,436 shares of the Subsidiary Company, representing 9.57% of its entire issued share capital;
“Share(s)”	ordinary share(s) with nominal value of US\$0.01953125 each in the issued capital of the Company or if there has been a subsequent subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;

“Shareholder(s)”	the holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary Company”	Linksys Holdings, Inc. (formerly known as FIT CHB Holdco, Inc.), a company incorporated in the Cayman Islands with limited liability;
“Transaction”	the acquisition and cancellation of the Sale Shares pursuant to the terms and conditions of the Acquisition Agreement;
“US\$”	United States dollar(s), the lawful currency of the United States;
“Vendor”	Chester J. Pipkin and Janice A. Pipkin 2012 Children’s Trust; and
“%”	percent.

By order of the Board
FIT Hon Teng Limited*
LU Sung-Ching
Chairman of the Board

Hong Kong, March 11, 2021

As of the date of this announcement, the Board comprises Mr. LU Sung-Ching, Mr. LU Pochin Christopher and Mr. PIPKIN Chester John as executive Directors, and Mr. CURWEN Peter D, Mr. TANG Kwai Chang, Mr. CHAN Wing Yuen Hubert and Mr. TRAINOR-DEGIROLAMO Sheldon as independent non-executive Directors.

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